

CITY OF WAPATO
Yakima County, Washington
January 1, 1993 Through December 31, 1993

Schedule Of Findings

1. The City Should Comply With Budget Requirements

During our audit, we noted that the following funds incurred expenditures in excess of budget appropriations:

<u>Fund</u>	<u>Actual Expenditures</u>	<u>Budgeted Expenditures</u>	<u>Amount In Excess Of The Budget</u>
Current Expense	\$1,332,962	\$1,280,261	\$52,701
Police Auxiliary	\$21,667	\$12,000	\$9,667

RCW 35.33.121 states in part:

. . . the expenditure of city or town funds or the incurring of current liabilities on behalf of the city or town shall be limited to the following:

(1) The total amount appropriated for each fund in the budget for the current fiscal year

RCW 35.33.125 states in part:

. . . The clerk shall issue no warrant and the city or town legislative body or other authorized person shall approve no claim for an expenditure in excess of the total amount appropriated for any individual fund, except upon an order of a court of competent jurisdiction or for emergencies as provided in this chapter.

Expenditures exceeded appropriations because city officials did not monitor and amend fund budgets appropriately.

Failure of the city to monitor and amend budgets in a timely manner is contrary to the statutory requirements cited and hinders the management of available public resources. As a result, two funds ended 1993 with deficit fund equities. Year end cash and investment balances for the Current Expense and CDBG Rehab funds were \$11,341 and \$9,736, respectively. For the Current Expense Fund, this represents a serious weakening of its financial condition from that of December 31, 1991, when it had a cash and investment balance of \$406,341.

We recommend that the city improve their controls over the budget process to ensure compliance with budgetary requirements.

2. Property Tax Revenues Should Be Properly Distributed

The city's 1993 budget established the ratio for allocating the city's regular levy between the Current Expense, Street and Library Funds. However, tax revenue was improperly allocated as follows:

<u>Fund</u>	<u>Authorized Distribution</u>	<u>Actual Distribution</u>	<u>Over (Under) Distributed</u>
Current Expense	\$118,459	\$123,482	\$5,023
Street	\$69,904	\$63,834	(\$6,070)
Library	\$20,929	\$21,976	\$1,047

The inappropriate tax distribution resulted from city employees not following instructions provided by the city clerk. During 1993, while performing the fieldwork for the 1992 audit, we observed the improper 1993 allocations and verbally recommended that the city clerk correct it. However, this did not get done.

Failing to properly allocate property tax revenue hinders the city council's management of public resources.

We recommend that future property tax revenues be distributed in accordance with the city council's intentions.